

October 22, 2004

Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, S.W
Room TWB-204
Washington, D.C. 20554

Dear Ms. Dortch:

Re: Ex Parte:

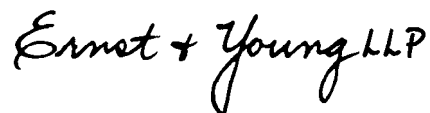
In re: Application of GTE Corporation and Bell Atlantic Corporation For Consent to Transfer Control of Domestic and International Sections 214 and 301 Authorizations and Application to Transfer Control of a Submarine Cable Landing License, CC Docket No. 98-184

The enclosed materials are being filed pursuant to Verizon Communications Inc.'s obligations under Appendix D, Section XXII, Paragraph 56(e) of the above referenced docket to obtain independent examinations of its compliance with the merger conditions and its controls over compliance with the merger conditions. The accompanying material includes:

- Report of Independent Accountants on the effectiveness of internal controls over compliance with Merger Condition V
- Report of Management on the Effectiveness of Controls over Compliance with Merger Condition V
- Report of Independent Accountants on compliance with Merger Condition V
- Report of Management on Compliance with Merger Condition V

Please place a copy of the attached independent accountants' reports in the Ex Parte file of the above referenced proceeding.

Very truly yours,



Copy to: Mr. H. Boyle
Mr. P. Young
Mr. J. Ward
Ms. M. Howe

Report of Independent Accountants

To the Management of
Verizon Communications Inc.

1. We have examined the effectiveness of Verizon Communications Inc.'s (the "Company" or "Verizon") internal control over compliance with Condition V, *Carrier to Carrier Performance Plan* ("Condition V") of the Merger Conditions¹ ("Merger Condition V") during the Evaluation Period² based on criteria set forth in the Merger Conditions and examined management's assertion, included in the accompanying Report of Management on the Effectiveness of Controls over Compliance with Merger Condition V, that the Company maintained effective internal control over compliance with Merger Condition V during the Evaluation Period. Management is responsible for maintaining effective internal control over compliance with Merger Condition V. Our responsibility is to express an opinion based on our examination.
2. Except as discussed in paragraph four, our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included obtaining an understanding of the Company's internal control over the compliance with the requirements referenced above, testing and evaluating the design and operating effectiveness of those controls, and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.
3. Because of inherent limitations in any internal control, misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of internal control over compliance with the requirements referenced above to future periods are subject to the risk that the internal control may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

¹ "Merger Conditions" are set forth in Appendix D of the Federal Communications Commission's ("FCC") Order Approving the Bell Atlantic/GTE Merger (*Application of GTE Corporation, and Bell Atlantic Corporation for Consent to Transfer Control of Domestic and International Sections 214 and 310 Authorizations and Application to Transfer Control of Submarine Cable Landing License*, CC Docket No. 98-184, Memorandum Opinion and Order, FCC 00-221 (rel. June 16, 2000)), including attachments A-2a (fBA) and A-2b (fGTE), updated as of December 2003 ("Performance Measurement Business Rules").

² The "Evaluation Period" is the five data months ended May 31, 2004 with the exception of fGTE Pennsylvania where the "Evaluation Period" is the four data months ended April 30, 2004. In Order DA 04-604 dated March 3, 2004, the Company received a waiver from the FCC to temporarily suspend reporting requirements for fGTE Pennsylvania in conjunction with the Company's implementation of OSS uniformity.

4. Condition V, *Carrier to Carrier Performance Plan*, requires the Company to make monthly voluntary payments to the U.S. Treasury based on the results of operational performance in seventeen measurement categories specified in the Performance Measurement Business Rules. Prior to April 2003, the Company filed restatements to originally filed performance measurement data with the FCC for known errors that could be corrected on a retroactive basis six months after the original filing date. Subsequent to March 2003, the Company discontinued filing restated performance measurement data³.

The Company has not implemented a process to adjust voluntary payments made to the U.S. Treasury due to the impact, if any, of known errors that are only corrected on a prospective basis. Accordingly, we were unable to, and do not, express an opinion on the Company's internal control over compliance with the requirement to accurately calculate and remit voluntary payments under Condition V.

5. In our opinion⁴, limited as to internal control over compliance with Condition V as described in paragraph four, the Company maintained, in all material respects, effective internal control over compliance with Condition V for the Evaluation Period based on criteria set forth in the Merger Conditions.
6. This report is intended solely for the information and use of the Company and the FCC and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Ernst + Young LLP

October 21, 2004

³ In a letter dated April 14, 2003 from Dee May of Verizon to Maureen Del Duca of the FCC, Verizon notified the FCC of its decision to discontinue the voluntary provisioning of amendments to the FCC Carrier-to-Carrier performance reports effective as of that date. August 2002 performance data was the last month that was restated by the Company for known errors that were corrected.

⁴ The Company has applied an interpretation to the Performance Measurement Business Rules associated with the method by which Verizon measures the Trouble Duration Interval for JGTE ("MR-4 metrics"). The Performance Measurement Business Rules for this metric define duration to be "the elapsed hours from the date and time the trouble is created to the date and time the trouble is cleared." In cases where the customer does not accept the original commitment time offered by Verizon, the customer requested Appointment Date and Time is used in lieu of Creation Date and Time as the starting point for the calculation of the duration for the MR-4 metrics. The FCC staff has been requested to provide their interpretation of this matter.

In a letter dated February 20, 2004 from Ann D. Berkowitz of Verizon to William Maher of the FCC, Verizon notified the FCC that the Company could not implement an exclusion for PO-1, OR-1 and OR-2 Performance Metrics. The July 2003 California Public Utility Commission order adopted an exclusion from these measures of any transaction where a batch transmission from a CLEC included more than 200 items in a single transmission.

**Report of Management on the Effectiveness of
Controls over Compliance with Merger Condition V**
October 21, 2004

Management of Verizon Communications Inc. ("Verizon") is responsible for establishing and maintaining effective internal controls over the Company's¹ compliance with the Conditions set forth in Appendix D (the "Merger Conditions") of the Federal Communications Commission's ("FCC's") Memorandum Opinion and Order in CC Docket No. 98-184 approving the Bell Atlantic/GTE Merger.² The internal controls are designed to provide reasonable assurance to the Company's management and Board of Directors that the Company is in compliance with the Merger Conditions.

Management's assertions that follow relate only to compliance with Condition V (Carrier-to-Carrier Performance Plan, Including Performance Measurements) of the Merger Conditions. The Company's internal controls have been designed to comply with the Merger Conditions. There are inherent limitations in any control, including the possibility of human error and the circumvention or overriding of the internal controls. Accordingly, even effective internal controls can provide only reasonable assurance with respect to the achievement of the objectives of internal controls. Further, because of changes in conditions, the effectiveness of internal controls may vary over time.

The Company has determined that the objectives of the internal controls with respect to compliance with the Merger Conditions are to provide reasonable, but not absolute, assurance that compliance with the Merger Conditions has been achieved.

The Company has assessed its internal controls over compliance with Condition V (Carrier-to-Carrier Performance Plan, Including Performance Measurements) of the Merger Conditions. Based on this assessment, the Company asserts that for the duration of the Merger Condition, its internal controls over compliance with the Merger Condition were effective in providing reasonable assurance that the Company has complied with the Merger Condition.

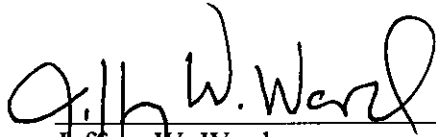
¹ The word "Company" or "Companies" used throughout this report refers to the Verizon telephone companies operating as incumbent local exchange carriers ("ILECs"), in which Merger Condition V was operative during the evaluation period, collectively as follows: Contel of the South, Inc. d/b/a Verizon Mid-States, GTE Midwest Incorporated d/b/a Verizon Midwest, GTE Southwest Incorporated d/b/a Verizon Southwest, Verizon California Inc., Verizon Florida Inc., Verizon Hawaii Inc., Verizon North Inc., Verizon Northwest Inc., Verizon South Inc., and Verizon West Coast, Inc. In 2004, the former Bell Atlantic companies were not subject to Merger Condition V, because they received FCC authorization to provide in-region interLATA service prior to that time. See paragraph 17 of the Merger Conditions.

² "Merger Conditions" are set forth in Appendix D of the Federal Communications Commission's ("FCC's") Order Approving the Bell Atlantic/GTE Merger (*Application of GTE Corporation, and Bell Atlantic Corporation for Consent to Transfer Control of Domestic and International Sections 214 and 310 Authorizations and Application to Transfer Control of Submarine Cable Landing License*, CC Docket No. 98-184, Memorandum Opinion and Order, FCC 00-221 (rel. June 16, 2000)), including attachments A-2a (f/BA) and A-2b (f/GTE), last updated December 2003 ("Performance Measurement Business Rules"), and in the Order and Consent Decree released on August 20, 2002 by the Enforcement Bureau in File No. EB-01-IH-0519 (the "Consent Decree").

**Report of Management on the Effectiveness of
Controls over Compliance with Merger Condition V**
October 21, 2004

During 2004, the processes used by Verizon to provide the Carrier-to-Carrier performance metrics required by Merger Condition V resulted in certain errors. Verizon's internal controls are designed to prevent errors before they affect the performance measurements and to provide timely corrections in the event that certain errors do affect the performance measurements. Given the number of metrics, the complexity of the systems and processes employed to provide data to populate these metrics and the low incidence and small magnitude of the errors, Verizon does not believe the errors revealed a control weakness.

Verizon Communications Inc.

A handwritten signature in dark ink, appearing to read "Jeffrey W. Ward", is written over a horizontal line.

Jeffrey W. Ward,
Senior Vice President - Regulatory Compliance
Dated: October 21, 2004

Report of Independent Accountants

To the Management of
Verizon Communications Inc.

1. We have examined Verizon Communications Inc.'s (the "Company" or "Verizon") compliance with Condition V, *Carrier to Carrier Performance Plan* ("Condition V") of the Merger Conditions¹ ("Merger Condition V") and with the Consent Decree² during the Evaluation Period³ and examined management's assertion, included in the accompanying Report of Management on Compliance with Merger Condition V ("Report of Management"), that the Company complied with Merger Condition V and the Consent Decree during the Evaluation Period, except as noted therein. Management is responsible for the Company's compliance with Merger Condition V and the Consent Decree. Our responsibility is to express an opinion based on our examination.
2. Except as discussed in paragraph four, our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the Company's compliance with the requirements referenced above and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Company's compliance with specified requirements.
3. The Company has applied an interpretation to the Performance Measurement Business Rules associated with the method by which Verizon measures the Trouble Duration Intervals ("MR-4 metrics") for the *f*GTE States⁴. The Performance Measurement Business Rules for these metrics define duration to be "the elapsed hours from the date and time the trouble is created to the date and time the trouble is cleared." In cases where the customer does not

¹ "Merger Conditions" are set forth in Appendix D of the Federal Communications Commission's ("FCC") Order Approving the Bell Atlantic/GTE Merger (*Application of GTE Corporation, and Bell Atlantic Corporation for Consent to Transfer Control of Domestic and International Sections 214 and 310 Authorizations and Application to Transfer Control of Submarine Cable Landing License*, CC Docket No. 98-184, Memorandum Opinion and Order, FCC 00-221 (rel. June 16, 2000)), including attachments A-2a (*f*BA) and A-2b (*f*GTE), updated as of December 2003 ("Performance Measurement Business Rules").

² The "Consent Decree" requirements are set forth in the Order and Consent Decree released on August 20, 2002 by the Enforcement Bureau in File No. EB-01-IH-0519. We have examined the Company's compliance with the following Consent Decree requirements: 1) Vice Presidential steering committees, 2) Error analysis and prevention process, and 3) Refresher training.

³ The "Evaluation Period" is the five data months ended May 31, 2004 with the exception of *f*GTE Pennsylvania where the "Evaluation Period" is the four data months ended April 30, 2004. In Order DA 04-604 dated March 3, 2004, the Company received a waiver from the FCC to temporarily suspend reporting requirements for *f*GTE Pennsylvania in conjunction with the Company's implementation of OSS uniformity.

⁴ *f*GTE States include AZ, CA, FL, HI, ID, IN, MI, NC, OR, PA, SC, TX, VA, WA and WI.

accept the original commitment time offered by Verizon, the customer requested Appointment Date and Time is used in lieu of Creation Date and Time as the starting point for the calculation of the duration for the MR-4 metrics. The FCC staff has been requested to provide their interpretation of this matter. We have not considered this interpretation as an instance of noncompliance with Condition V.

Additionally, the California Public Utility Commission issued an Order in July 2003 adopting specific changes to their business rules. Verizon further recommended these changes to the FCC in a letter dated August 11, 2003. However, one of the changes required more extensive changes in the programming code than originally anticipated, and as a result, the change could not be implemented for the January 2004 data month as originally intended. Specifically, the Order adopted an exclusion from measures PO-1, OR-1 and OR-2 for any transaction where a batch transmission from a CLEC included more than 200 items in a single transmission. Since Verizon has not implemented this change and the FCC has been notified⁵, we have not considered this an instance of noncompliance with Condition V.

4. Condition V, *Carrier to Carrier Performance Plan*, requires the Company to make monthly voluntary payments to the U.S. Treasury based on the results of operational performance in seventeen measurement categories specified in the Performance Measurement Business Rules. Prior to April 2003, the Company filed restatements to originally filed performance measurement data with the FCC for known errors that could be corrected on a retroactive basis six months after the original filing date. Subsequent to March 2003, the Company discontinued filing restated performance measurement data⁶. We have tested the mathematical accuracy of the calculation of voluntary payments and the submission of the related payments to the FCC for the performance measurements filed during the Evaluation Period.

During the Evaluation Period, known errors were corrected on a prospective basis only. The Company has not determined the impact, if any, of these errors on the voluntary payments made to the U.S. Treasury prior to the correction of the errors. Accordingly, we were unable to, and do not, express an opinion on the accuracy of the Company's compliance with the requirement to accurately calculate and remit voluntary payments under Condition V.

5. Our examination disclosed certain instances of material noncompliance with Condition V based on the Performance Measurement Business Rules during the Evaluation Period as described in Attachment A to this report.

⁵ See letter dated February 20, 2004 from Ann D. Berkowitz of Verizon to William Maher of the FCC.

⁶ In a letter dated April 14, 2003 from Dee May of Verizon to Maureen Del Duca of the FCC, Verizon notified the FCC of its decision to discontinue the voluntary provisioning of amendments to the FCC Carrier-to-Carrier performance reports effective as of that date. August 2002 performance data was the last month that was restated by the Company for known errors that were corrected.

6. In our opinion, limited as to the effects of paragraph four and considering the Company's interpretation of the Performance Measurement Business Rules as described in paragraph three, except for the material noncompliance described in paragraph five, the Company complied, in all material respects, with Merger Condition V and the Consent Decree² during the Evaluation Period, including, as to Merger Condition V only, the filing of an accurate annual compliance report, the Company providing the FCC with timely and accurate notice pursuant to the specific notification requirements, and the Company providing telecommunications carriers and regulators with accurate and complete performance data.
7. This report is intended solely for the information and use of the Company and the FCC and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Ernst + Young LLP

October 21, 2004

Report of Independent Accountants

Attachment A – Exceptions to Compliance – Condition V

Following is a listing of the exceptions to the Company's compliance with Condition V, *Carrier-to-Carrier Performance Plan*, for the Evaluation Period.

Business hours were incorrectly used to measure the elapsed time from order receipt to order confirmation or rejection for the OR-1-04 and OR-2-04 metrics. This affected the following:

January 2004:

OR-1-04-Resale POTS – HI, SC, WI, PA
OR-1-04-UNE Loop Non-Designed – TX, HI
OR-2-04- Resale POTS - PA

February 2004:

OR-1-04- Resale POTS – CA, FL, HI, IN, MI, NC, SC, TX, WA, WI, PA
OR-1-04- UNE Platform – CA, FL, HI, IN, MI, NC, OR, SC, TX, WA, PA
OR-1-04- UNE 2 Wire xDSL Loop – CA, FL, OR, TX, WA
OR-1-04- UNE Loop Non-Designed – CA, FL, HI, IN, MI, OR, SC, TX, WA, PA
OR-2-04- Resale POTS – FL, HI, IN, MI, NC, SC, TX, WA, WI, PA
OR-2-04- UNE Platform– CA, FL, IN, NC, OR, SC, TX, WA, PA
OR-2-04- UNE 2 Wire xDSL Loop – CA, FL, TX, WA
OR-2-04- UNE Loop Non-Designed – CA, FL, HI, IN, MI, OR, TX

March 2004:

OR-1-04- Resale POTS – AZ, CA, FL, HI, ID, IN, MI, NC, OR, SC, TX, WA, WI, PA
OR-1-04- UNE Platform – CA, FL, HI, IN, MI, NC, OR, SC, TX, WA, PA
OR-1-04- UNE 2 Wire xDSL Loop – CA, FL, IN, MI, OR, TX, WA
OR-1-04- UNE Loop Non-Designed – CA, FL, HI, IN, MI, OR, SC, TX, WA, PA
OR-2-04- Resale POTS – CA, FL, HI, IN, MI, NC, OR, TX, WA, WI, PA
OR-2-04- UNE Platform – CA, FL, HI, IN, NC, OR, SC, TX, WA, PA
OR-2-04- UNE 2 Wire xDSL Loop – CA, TX, WA
OR-2-04- UNE Loop Non-Designed – CA, FL, HI, IN, OR, TX, WA, PA

April 2004:

OR-1-04- Resale POTS– CA, FL, HI, IN, MI, NC, OR, SC, TX, WA, WI, PA
OR-1-04- UNE Platform – CA, FL, IN, NC, OR, SC, TX, PA
OR-1-04- UNE 2 Wire xDSL Loop – CA, MI, OR, TX, WI
OR-1-04- UNE Loop Non-Designed – CA, FL, HI, IN, MI, SC, OR, TX, WA, PA
OR-2-04- Resale POTS – CA, FL, HI, IN, NC
OR-2-04- UNE Platform – OR, TX
OR-2-04- UNE 2 Wire xDSL Loop – TX
OR-2-04- UNE Loop Non-Designed – IN, TX, WA

May 2004:

OR-1-04- Resale POTS – CA, HI, MI, OR
OR-1-04- UNE Platform – FL, MI
OR-1-04- UNE Loop Non-Designed – FL, HI, IN, OR, WA
OR-2-04- Resale POTS – HI, IN, MI
OR-2-04- UNE Platform – WA

OR-2-04- UNE 2 Wire xDSL Loop – TX
OR-2-04- UNE Loop Non-Designed - WA

Some orders were incorrectly excluded from the Retail analog comparison. This affected the following:

January 2004:

PR-4-02-UNE Platform - Retail - CA, IN, MI, SC, TX, WA

Completed orders from months other than the current month are included in the metric calculations. This affected fGTE VA for the following:

January 2004:

PR-3-08, PR-3-09 –Resale POTS-Total, UNE POTS- Platform & Other (UNE Switch & INP)
PR-4-01 – Resale DS0, Resale Specials-Other, UNE DS0, UNE DS1, UNE EEL, UNE IOF
PR-4-02 – Resale POTS - Total, UNE POTS Platform, UNE Specials, UNE 2 Wire Digital, UNE 2 Wire xDSL
PR-4-04 – Resale 2 Wire Digital, UNE POTS Platform, UNE 2 Wire Digital
PR-4-14 - UNE 2 Wire xDSL Loops
PR-6-01 – UNE 2 Wire Digital, UNE 2 Wire xDSL

February 2004:

PR-3-08 – UNE POTS Platform & Other (UNE Switch & INP)
PR-3-09 – Resale POTS – Total, UNE POTS - Platform & Other (UNE Switch & INP)
PR-4-01 – Resale Specials - Other, UNE DS1
PR-4-02 – Resale POTS - Total, UNE POTS Platform, UNE Specials, UNE 2 Wire Digital, UNE 2 Wire xDSL
PR-4-04 – UNE 2 Wire Digital
PR-6-01 - UNE 2 Wire Digital, UNE 2 Wire xDSL

March 2004:

PR-3-09 – Resale POTS – Total , UNE POTS - Platform & Other (UNE Switch & INP)
PR-4-01 - Resale DS0, Resale Specials - Other, UNE DS0, UNE DS1, UNE EEL
PR-4-02 – Resale POTS - Total, UNE POTS Platform, Specials, 2 Wire Digital, 2 Wire xDSL
PR-4-04 – Resale POTS, UNE Loop – New, POTS Platform, 2 Wire Digital
PR-4-05 – Resale POTS - Total
PR-6-01 - UNE 2 Wire Digital, UNE 2 Wire xDSL

April 2004:

PR-3-08, PR-3-09 –Resale POTS - Total, UNE POTS Platform & Other (UNE Switch & INP)
PR-4-01 – Resale DS0, UNE DS0, Resale Specials - Other, UNE DS1
PR-4-02 – Resale POTS, UNE POTS Platform, UNE Specials, UNE 2 Wire Digital, UNE 2 Wire xDSL
PR-4-04 – Resale POTS-Total, Resale 2 Wire Digital, UNE POTS Platform, UNE 2 Wire Digital, UNE Loop-New
PR-4-14 - UNE 2 Wire xDSL Loops
PR-6-01 – UNE 2 Wire Digital, UNE 2 Wire xDSL

May 2004:

PR-3-09 – Resale POTS – Total , UNE POTS Platform & Other (UNE Switch & INP)
PR-4-01 – Resale DS0, Resale Specials - Other, UNE DS0, UNE DS1
PR-4-02 – Resale POTS - Total, UNE POTS Platform, UNE Specials, UNE 2 Wire Digital, UNE 2 Wire xDSL
PR-4-04 – UNE 2 Wire Digital
PR-4-14 - Resale 2 Wire Digital, UNE 2 Wire xDSL
PR-4-15 – Interconnection Trunks (CLEC)
PR-6-01 – Resale 2 Wire Digital, UNE 2 Wire Digital, UNE 2 Wire xDSL

Report of Management on Compliance

With Merger Condition V

October 21, 2004

Management of Verizon Communications Inc. (“Verizon”, or “the Company”¹) is responsible for ensuring that Verizon complies with the conditions set forth in Appendix D (“the Merger Conditions”) of the Federal Communications Commission’s (“FCC’s”) Memorandum Opinion and Order in CC Docket No. 98-184 approving the Bell Atlantic/GTE Merger.² Management’s assertions that follow relate to compliance with Condition V (Carrier-to-Carrier Performance Plan, Including Performance Measurements) of the Merger Conditions.

Management has performed an evaluation of Verizon’s compliance with the requirements of this Merger Condition for the five data months ended May 31, 2004 (the “Evaluation Period”). Based on this evaluation, we assert that, during the Evaluation Period, Verizon has complied with the requirements of this Merger Condition in all material respects. Management describes in this report exceptions to compliance with these requirements. In addition, Verizon provides the following information regarding compliance with this Merger Condition, based on the information available at the time.

V. Carrier-to-Carrier Performance Plan (Including Performance Measurements)

The Company complied with the requirements of this condition in the following manner and as described in Attachment A. In particular, the Company:

- a. Made available on an Internet web-site the required monthly performance reports by the 25th of each month or the first business day thereafter, for each of the required states in the 17 measurement categories identified in Attachments A-1a and A-1b of the Merger Conditions, for the prior month. The Competitive Local Exchange Carriers aggregate results were also provided to the FCC on February 25, 2004, March 25, 2004, April 26, 2004, May 25, 2004, and June 25, 2004 in an excel-like format demonstrating monthly performance by state compared to retail performance or a benchmark. Such performance measurement data contained in these performance reports are complete and accurate based on the information available at the time and as described in Attachment A.

¹ The word “Company” or “Companies” used throughout this report refers to the Verizon telephone companies operating as incumbent local exchange carriers (“ILECs”), in which Merger Condition V was operative during the evaluation period, collectively as follows: Contel of the South, Inc. d/b/a Verizon Mid-States, GTE Midwest Incorporated d/b/a Verizon Midwest, GTE Southwest Incorporated d/b/a Verizon Southwest, Verizon California Inc., Verizon Florida Inc., Verizon Hawaii Inc., Verizon North Inc., Verizon Northwest Inc., Verizon South Inc., and Verizon West Coast, Inc. In 2004, the former Bell Atlantic companies were not subject to Merger Condition V, because they received FCC authorization to provide in-region interLATA service prior to that time. See paragraph 17 of the Merger Conditions.

² “Merger Conditions” are set forth in Appendix D of the Federal Communications Commission’s (“FCC’s”) Order Approving the Bell Atlantic/GTE Merger (*Application of GTE Corporation, and Bell Atlantic Corporation for Consent to Transfer Control of Domestic and International Sections 214 and 310 Authorizations and Application to Transfer Control of Submarine Cable Landing License*, CC Docket No. 98-184, Memorandum Opinion and Order, FCC 00-221 (rel. June 16, 2000)), including attachments A-2a (fBA) and A-2b (fGTE), last updated December 2003 (“Performance Measurement Business Rules”), and in the Order and Consent Decree released on August 20, 2002 by the Enforcement Bureau in File No. EB-01-IH-0519 (the “Consent Decree”).

Report of Management on Compliance

With Merger Condition V

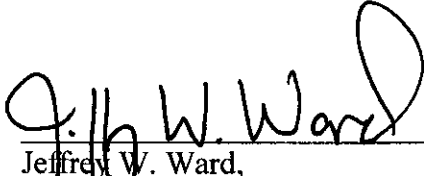
October 21, 2004

- b. Made voluntary performance payments for 2004 results in accordance with Attachments A, A-3, A-4, A-5a, A-5b, A-6, A-7a and A-7b of the Merger Conditions on March 25 2004, April 26, 2004, May 25, 2004, June 25, 2004, and July 26, 2004.

Notices were provided to the FCC within five business days after such payments were made.

- c. Entered into a consent decree on August 16, 2002 with the FCC Enforcement Bureau terminating an informal investigation into Verizon's compliance with the Merger Conditions. Verizon established a formal metrics compliance program, including a Vice Presidential steering committee, an error analysis and prevention process, and refresher training of data providers and data reporters.
- d. On February 20, 2004, notified the FCC that Verizon was not able to implement its August 11, 2003 recommendation to exclude from the PO-1, OR-1 and OR-2 performance measurements any transaction where a batch transmission from a CLEC included more than 200 items in a single transaction. The exclusion was to be implemented with the January 2004 data month, but due to the complexity it was not implemented prior to the expiration of this merger condition.

Verizon Communications Inc.



Jeffrey W. Ward,
Senior Vice President - Regulatory Compliance
Dated: October 21, 2004

**Report of Management on Compliance
With Merger Condition V**
October 21, 2004

Attachment A – Exceptions to Compliance – Condition V

I. Following is a listing of the exceptions to the Company's compliance with Condition V, *Carrier-to-Carrier Performance Plan*, for the Evaluation Period.

Business hours were incorrectly used to measure the elapsed time from order receipt to order confirmation or rejection for the OR-1-04 and OR-2-04 metrics. This affected the following:

January 2004:

OR-1-04-Resale POTS – HI, SC, WI, PA
OR-1-04-UNE Loop Non-Designed – TX, HI
OR-2-04- Resale POTS - PA

February 2004:

OR-1-04- Resale POTS – CA, FL, HI, IN, MI, NC, SC, TX, WA, WI, PA
OR-1-04- UNE Platform – CA, FL, HI, IN, MI, NC, OR, SC, TX, WA, PA
OR-1-04- UNE 2 Wire xDSL Loop – CA, FL, OR, TX, WA
OR-1-04- UNE Loop Non-Designed – CA, FL, HI, IN, MI, OR, SC, TX, WA, PA
OR-2-04- Resale POTS – FL, HI, IN, MI, NC, SC, TX, WA, WI, PA
OR-2-04- UNE Platform– CA, FL, IN, NC, OR, SC, TX, WA, PA
OR-2-04- UNE 2 Wire xDSL Loop – CA, FL, TX, WA
OR-2-04- UNE Loop Non-Designed – CA, FL, HI, IN, MI, OR, TX

March 2004:

OR-1-04- Resale POTS – AZ, CA, FL, HI, ID, IN, MI, NC, OR, SC, TX, WA, WI, PA
OR-1-04- UNE Platform – CA, FL, HI, IN, MI, NC, OR, SC, TX, WA, PA
OR-1-04- UNE 2 Wire xDSL Loop – CA, FL, IN, MI, OR, TX, WA
OR-1-04- UNE Loop Non-Designed – CA, FL, HI, IN, MI, OR, SC, TX, WA, PA
OR-2-04- Resale POTS – CA, FL, HI, IN, MI, NC, OR, TX, WA, WI, PA
OR-2-04- UNE Platform – CA, FL, HI, IN, NC, OR, SC, TX, WA, PA
OR-2-04- UNE 2 Wire xDSL Loop – CA, TX, WA
OR-2-04- UNE Loop Non-Designed – CA, FL, HI, IN, OR, TX, WA, PA

April 2004:

OR-1-04- Resale POTS– CA, FL, HI, IN, MI, NC, OR, SC, TX, WA, WI, PA
OR-1-04- UNE Platform – CA, FL, IN, NC, OR, SC, TX, PA
OR-1-04- UNE 2 Wire xDSL Loop – CA, MI, OR, TX, WI
OR-1-04- UNE Loop Non-Designed – CA, FL, HI, IN, MI, SC, OR, TX, WA, PA
OR-2-04- Resale POTS – CA, FL, HI, IN, NC
OR-2-04- UNE Platform – OR, TX
OR-2-04- UNE 2 Wire xDSL Loop – TX
OR-2-04- UNE Loop Non-Designed – IN, TX, WA

May 2004:

OR-1-04- Resale POTS – CA, HI, MI, OR
OR-1-04- UNE Platform – FL, MI
OR-1-04- UNE Loop Non-Designed – FL, HI, IN, OR, WA
OR-2-04- Resale POTS – HI, IN, MI
OR-2-04- UNE Platform – WA
OR-2-04- UNE 2 Wire xDSL Loop – TX

**Report of Management on Compliance
With Merger Condition V
October 21, 2004**

OR-2-04- UNE Loop Non-Designed - WA

Some orders were incorrectly excluded from the Retail analog comparison. This affected the following:

January 2004:

PR-4-02-UNE Platform - Retail - CA, IN, MI, SC, TX, WA

Completed orders from months other than the current month are included in the metric calculations. This affected fGTE VA for the following:

January 2004:

PR-3-08, PR-3-09 –Resale POTS-Total, UNE POTS- Platform & Other (UNE Switch & INP)

PR-4-01 – Resale DS0, Resale Specials-Other, UNE DS0, UNE DS1, UNE EEL, UNE IOF

PR-4-02 – Resale POTS - Total, UNE POTS Platform, UNE Specials, UNE 2 Wire Digital, UNE 2 Wire xDSL

PR-4-04 – Resale 2 Wire Digital, UNE POTS Platform, UNE 2 Wire Digital

PR-4-14 - UNE 2 Wire xDSL Loops

PR-6-01 – UNE 2 Wire Digital, UNE 2 Wire xDSL

February 2004:

PR-3-08 – UNE POTS Platform & Other (UNE Switch & INP)

PR-3-09 – Resale POTS – Total, UNE POTS - Platform & Other (UNE Switch & INP)

PR-4-01 – Resale Specials - Other, UNE DS1

PR-4-02 – Resale POTS - Total, UNE POTS Platform, UNE Specials, UNE 2 Wire Digital, UNE 2 Wire xDSL

PR-4-04 – UNE 2 Wire Digital

PR-6-01 - UNE 2 Wire Digital, UNE 2 Wire xDSL

March 2004:

PR-3-09 – Resale POTS – Total , UNE POTS - Platform & Other (UNE Switch & INP)

PR-4-01 - Resale DS0, Resale Specials - Other, UNE DS0, UNE DS1, UNE EEL

PR-4-02 – Resale POTS - Total, UNE POTS Platform, Specials, 2 Wire Digital, 2 Wire xDSL

PR-4-04 – Resale POTS, UNE Loop – New, POTS Platform, 2 Wire Digital

PR-4-05 – Resale POTS - Total

PR-6-01 - UNE 2 Wire Digital, UNE 2 Wire xDSL

April 2004:

PR-3-08, PR-3-09 –Resale POTS - Total, UNE POTS Platform & Other (UNE Switch & INP)

PR-4-01 – Resale DS0, UNE DS0, Resale Specials - Other, UNE DS1

PR-4-02 – Resale POTS, UNE POTS Platform, UNE Specials, UNE 2 Wire Digital, UNE 2 Wire xDSL

PR-4-04 – Resale POTS-Total, Resale 2 Wire Digital, UNE POTS Platform, UNE 2 Wire Digital, UNE Loop-New

PR-4-14 - UNE 2 Wire xDSL Loops

PR-6-01 – UNE 2 Wire Digital, UNE 2 Wire xDSL

May 2004:

PR-3-09 – Resale POTS – Total , UNE POTS Platform & Other (UNE Switch & INP)

PR-4-01 – Resale DS0, Resale Specials - Other, UNE DS0, UNE DS1

PR-4-02 – Resale POTS - Total, UNE POTS Platform, UNE Specials, UNE 2 Wire Digital, UNE 2 Wire xDSL

PR-4-04 – UNE 2 Wire Digital

PR-4-14 - Resale 2 Wire Digital, UNE 2 Wire xDSL

PR-4-15 – Interconnection Trunks (CLEC)

PR-6-01 – Resale 2 Wire Digital, UNE 2 Wire Digital, UNE 2 Wire xDSL